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BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ALAN S. FISHER
and SAMUEL JERROLD KAPLAN

Appeal 2011-007875
Application 09/706,849
Technology Center 3600

Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and MICHAEL W. KIM, *Administrative Patent Judges.*

FETTING, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE[1]

Alan S. Fisher and Samuel Jerrold Kaplan (Appellants) seek review under 35 U.S.C. § 134 (2002) of a final rejection of claims 26-30, 32-39, 41-48, and 50-52, the only claims pending in the application on appeal.[2] We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).

The Appellants invented a way of conducting an interactive auction over an electronic network (Specification 1:8-9).

An understanding of the invention can be derived from a reading of exemplary claim 26, which is reproduced below [bracketed matter and some paragraphing added].

> 26. A method for conducting an auction business through a computer network, the method comprising:
>
> [1] executing instructions with one or more processors, execution of the instructions causing the one or more processors to:

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[1] Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed December 1, 2010) and Reply Brief ("Reply Br.," filed April 4, 2011), and the Examiner's Answer ("Ans.," mailed February 2, 2011).

[2] Claims 18-22, 24, and 25 were cancelled in an amendment filed December 1, 2010.

We note that the Examiner erroneously included these cancelled claims in the statutory statements of rejection in the Answer. We refer to the corrected rejections in this Decision.

[2] post

by at least one seller

on a computerized merchandise catalog

information that is descriptive

of a first lot of a plurality of lots available for auction,

each lot of the plurality of lots including at least one item;

[3] add a second lot to the plurality of lots

during an auction of the first lot of the plurality of lots

by posting

on the computerized merchandise catalog

information that is descriptive of items in the second lot,

wherein the information pertaining to the second lot is added to the merchandise catalog

as at least a portion

of the first lot of the plurality of lots

is made available for auction;

[4] receive a bid from a bidder

for at least the portion of the first lot of the plurality of lots;

[5] validate a characteristic of the bid

during and prior to a close of the auction

of the first lot of the plurality of lots,

the characteristic of the bid being a form of bid information,

and

the validating of the characteristic includes ensuring

that the bid information accords with a specific form of the bid information

that is defined by the bid format;

[6] validate the bid

to ensure that the bid amount is credible

in view of a current high bid;

[7] determine whether the bid for the at least the portion of the first lot is successful or unsuccessful;[3]

and

[8] store an indication of whether the bid is successful or unsuccessful.

The Examiner relies upon the following prior art:

Woolston	US 5,845,265	Dec. 1, 1998
Phillips	US 5,047,959	Sep. 10, 1991
Fraser	US 5,329,589	Jul. 12, 1994
Huberman	US 5,826,244	Oct. 20, 1998
Brown	US 5,794,219	Aug. 11, 1998

Mackinnon, D. J., "Playing the Auction Game"; SU2 Edition, Toronto Stare, Ontario, Oct. 4, 1987

[3] Limitation [7] is shown here as of record by the Amendment filed December 1, 2010. The corresponding phrase in the Appeal Brief Claim Appendix has the word “determine” out of place.

Claims 26-30, 32-39, 41-48, and 50-52 stand rejected under 35 U.S.C. § 112, first paragraph, as lacking a supporting written description within the original disclosure.

Claims 44-48 and 50-52 stand rejected under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention.

Claims 26-27, 30, 32, 33, 35-36, 39, 41-42, 44-45, 48, and 50-51 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Woolston, Fraser, and Philips.

Claims 29, 38 and 47 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Woolston, Fraser, Philips, and Brown.

Claims 34, 43, and 52 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Woolston, Philips, and Mackinnon.

Claims 28, 37 and 46 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Woolston, Fraser, Philips, and Huberman.

ISSUES

The issue of written description turns primarily on whether the Specification as originally filed showed within its four corners validating the bid to ensure that the bid amount is credible in view of a current high bid. The issue of indefiniteness turns primarily on whether the system components in the system claims are structural. The issues of obviousness turn primarily on whether it was predictable for further lots to be posted to a system while some other lot was already in some manner being made available for auction.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Facts Related to Appellants' Disclosure

01. The Specification does not explicitly recite adding second lot information to the merchandise catalog during an auction of a first lot.

02. The Specification does not explicitly recite validating a bid to ensure that the bid amount is credible in view of a current high bid.

Facts Related to the Prior Art

Woolston

03. Woolston is directed to an electronic "market maker" for collectable and used goods, a means for electronic "presentment" of goods for sale, and an electronic agent to search the network for hard to find goods. Woolston 1:8-11

04. Woolston does so by a low cost computer means for a used good and/or consignment stores to establish a "trusted" computerized market for used and collectible goods. Woolston 1:34-36.

05. Woolston uses network of consignment nodes and a low cost easy to use posting terminal for the virtual presentment of goods to market. A consignment node is a computer database of used

goods preferably operated by a used good, collectable shop keeper or a bailee. Woolston 2:19-23.

06. Woolston allows a participant to electronically purchase goods from a consignment node and to select whether the good should be shipped to a participant designed location or the participant may take electronic legal ownership of a good and post a new participant defined offer or reserve price. Woolston 3:25-30.

07. For a rare good, a good in a volatile market, or a good's initial posting the consignment node user or participant may wish to auction the good, with or without reserve, to the highest bidder. Woolston 5:48-51.

08. The consignment node auction process itself may execute in several instances to provide simultaneous auctions on a consignment node. Thus a consignment node may conduct several simultaneous auctions on several virtual runways. Woolston 11:5-10.

ANALYSIS

Claims 26-30, 32-39, 41-48, and 50-52 rejected under 35 U.S.C. § 112, first paragraph, as lacking a supporting written description within the original disclosure.

Limitation [6] recites "validate the bid to ensure that the bid amount is credible in view of a current high bid." Claim 26 was not part of the original filing, but was added by amendment filed January 16, 2001. Limitation [6] was not added to claim 26 until an amendment filed December 7, 2009.

We are not persuaded by Appellants' argument that claim 26 limitation [6] is described by the originally filed Specification because

> the submitted bid is processed by a bid validator, which, among other things, ensures that "data values entered look credible" and that "an appropriate bid amount has been entered." Further, the specification teaches that a new bid will, in general, be a bid for a higher amount than was last bid by another party. Specification, page 12, lines 8-12. Appellants assert that at least the identified portions of the application, standing alone, provides sufficient written description support for the above-recited claim limitation. Additionally, Applicants assert that one skilled in the art would readily understand and appreciate that a bid validator examining the propriety of a bid form generated from and submitted in response to a merchandise catalog page displaying an auction lot would ensure the credibility of the bid amount with reference to the current high bid for the auction lot from which the bid form was generated. Otherwise, the bid validator would not have any context with which to determine whether a bid amount is "credible" and "appropriate."

Appeal Br. 12-13. The phrase "one skilled in the art would readily understand and appreciate that a bid validator [] would ensure the credibility" does not argue inherency or implicit fact, but predictability, i.e. obviousness, as the word "would" is a subjunctive mood rather than indicative mood modifier.

> [W]hile the description requirement does not demand any particular form of disclosure, [] or that the specification recite the claimed invention in haec verba, a description that merely renders the invention obvious does not satisfy the requirement.

Ariad Pharmaceuticals v. Eli Lilly and Co., 598 F.3d 1336 (Fed. Cir. 2010) (en banc) (citing *Lockwood v. Am. Airlines*, 107 F.3d 1565, 1571-72 (Fed. Cir. 1997)). Appellants' argument that the continuously running auction manager would predictably perform the limitation at issue is no

more than a recognition after the date of original filing of an obvious potentiality.

Claims 26-30, 32-39, 41-48, and 50-52 rejected under 35 U.S.C. § 112, first paragraph, as lacking a supporting written description within the original disclosure.

We are persuaded by the Appellants' argument that

> the recitation of the "auction manager" in claim 44 is definite to one of ordinary skill in the art when considering the claim as a whole and in light of the specification. In particular, claim 44 is directed to a system for conducting an auction through a computer network. The system of claim 44 contains multiple components, and the specification describes these components, including the auction manager, as capable of sending direct messages between themselves and calling each other by means of program subroutines.

Appeal Br. 14.

Claims 26-27, 30, 33, 35-36, 39, 41-42, 44-45, 48, and 50-51 rejected under 35 U.S.C. § 103(a) as unpatentable over Woolston, Fraser, and Philips.

Claims 29, 38 and 47 rejected under 35 U.S.C. § 103(a) as unpatentable over Woolston, Fraser, Philips, and Brown.

Claims 34, 43, and 52 rejected under 35 U.S.C. § 103(a) as unpatentable over Woolston, Philips, and Mackinnon.

Claims 28, 37 and 46 rejected under 35 U.S.C. § 103(a) as unpatentable over Woolston, Fraser, Philips, and Huberman.

The sole issue is whether it was predictable for Woolston to perform limitation [3], which recites

> add a second lot to the plurality of lots during an auction of the first lot of the plurality of lots by posting on the computerized merchandise catalog information that is descriptive of items in the second lot, wherein the information pertaining to the second lot is added to the merchandise catalog as at least a portion of the first lot of the plurality of lots is made available for auction.

We are not persuaded by the Appellants' argument that

> Woolston, in general, also fails to disclose or suggest that a second auction lot and information pertaining thereto is added to a merchandise catalog as a first lot or portion thereof is made available for auction, Woolston describes the auction process in column 5, line 47 through column 6, line 67, in this description of the auction process, Woolston only discusses the auctioning of a single good, Woolston does not disclose or suggest that it is possible to add additional lots for auction during the auction of a first lot.

Appeal Br. 16. Unlike the written description context, obviousness is the very issue here. The Examiner found that "[n]othing in the specification adds second lot information to the merchandise catalog during an auction of a first lot." Ans. 11. Thus, the Examiner construed the limitation as simply reciting a coincidence of adding the second lot while some form of making a portion of a first lot available for auction occurs. This is consistent with Appellants' response in the Reply Brief.

Appellants point to Specification 12:8-12 14:1 - 5:7; and16:10-18. *Id.* None of these passages describe this limitation. Appellants explain that

> the specification discloses that, at any given point in time, various items are open for bidding and a **continuously running auction manager system posts new items for bidding and closes existing items from bidding as the scheduled times for opening and closing bidding occur**. It naturally follows that items may be currently open for bidding when a new item is posted for bidding, and that the continuously running auction

> manager would post a new item for bidding while other items are currently open for bidding. One of ordinary skill in the art would certainly appreciate that the specification explicitly, inherently, or implicitly teaches this.

Reply Br. 4-5. (emphasis in original).

We find that the limitation of adding a second lot, in and of itself, simply repeats the actions involved in adding the first lot, so any repetitive process such as that in Woolston would apply.

The only significant narrowing is in the phrase "as at least a portion of the first lot of the plurality of lots is made available for auction." This phrase does not narrow the nature or manner of being made available. More to the point, this phrase merely describes the context in which the only step in that limitation, "add a second lot to the plurality of lots," is performed. Thus, the issue is simply the predictability of encountering this context.

As Woolston describes an ongoing and therefore repetitive process, it was at least predictable that a second lot was added while some manner of making a first lot available for auction was occurring, in a manner analogous to that in Appellants' Specification. Additionally, Woolston discloses conducting several simultaneous auctions (FF08).

CONCLUSIONS OF LAW

The rejection of claims 26-30, 32-39, 41-48, and 50-52 under 35 U.S.C. § 112, first paragraph, as lacking a supporting written description within the original disclosure is proper.

The rejection of claims 44-48 and 50-52 under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention is improper.

The rejection of claims 26-27, 30, 33, 35-36, 39, 41-42, 44-45, 48, and 50-51 under 35 U.S.C. § 103(a) as unpatentable over Woolston, Fraser, and Philips is proper.

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The rejection of claims 28, 37 and 46 under 35 U.S.C. § 103(a) as unpatentable over Woolston, Fraser, Philips, and Huberman is proper.

DECISION

The rejection of claims 26-30, 32-39, 41-48, and 50-52 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2011).

AFFIRMED

JRG